

WESTERN MASSACHUSETTS ELECTRIC COMPANY

EXECUTIVE SUMMARY

In Docket No. D.P.U. 96-100, Electric Industry Restructuring ("Model Rules"), the Massachusetts Department of Public Utilities (the "Department") initiated its investigation to determine the means to transition electric utilities operating under the Department's jurisdiction from regulated monopoly franchises to a competitive market environment. Western Massachusetts Electric Company ("WMECO" or the "Company") has been an active participant during this investigation.

The Company's February 16, 1996 restructuring plan and subsequent testimony before the Department presented its detailed proposal that addresses many key issues necessary to achieve the transition to a competitive environment. The proposal identified issues and made recommendations to: enable customer choice; recover stranded investments; and create a level playing field for competition. WMECO's proposal also recommended that certain aspects of current Massachusetts regulation shouldn't change. Entities responsible for transmission and distribution would remain regulated; an enhanced New England Power Pool would continue to oversee regionwide reliability; and basic electric service would continue to be available to all.

On December 30, 1996, the Department issued its proposed model rules and legislative changes in D.P.U. 96-100. In that Order, the Department directed Massachusetts utilities to submit revenue-neutral, unbundled rates by March 3, 1997.

In its Model Rules, the Department has stated, "... the primary purpose of unbundling rates during 1997 is informational" (pg. 306). The unbundled rates provided in this filing are based on a Department-approved WMECO cost of service study as of June 30, 1991 and are meant for the sole purpose of informing customers of changes to their bills that will result from impending changes to Massachusetts electric utility regulations.

The unbundled rates and accompanying tariffs contained herein do not reflect the Company's positions or proposals with regard to appropriate cost allocations or rate design related issues which WMECO fully expects will be the subject of subsequent investigations by the Department.

The Company's filing presents unbundled bills that are revenue-neutral for each customer. Each bill separately identifies a generation charge, a transmission charge and a distribution/access charge (Appendix B). The Company is also submitting new tariffs to detail the changes from a bundled bill to one that is separated into the above-mentioned components.

Also included in the filing are two sample bill inserts (Appendix E). The first bill insert compares a sample bill under the existing format to one under the proposed new unbundled format. The second bill insert proposes a series of questions and answers which WMECO expects to be the most frequently asked questions about the unbundled bill format. These questions were developed in collaboration with the Consumer Education Advisory Task Force in which WMECO has been an active participant.

Throughout its investigation, the Department has taken great care to emphasize the importance of customer education in this process. The Company strongly supports the Department's efforts in this regard and has actively participated in a wide variety of forums to promote customer education.

The Department's efforts to ensure customer education must continue well after unbundled bills are issued. It has been the experience of the Northeast Utility ("NU") system through the participation of its affiliates in the New Hampshire pilot program and the Massachusetts Electric Company pilot program, that an increased number of participants selecting power from the NU system called our customer service department with questions and concerns involving their unbundled bills.

The Department stated in its February 14, 1997 letter concerning unbundled bill formats that all electric

companies need to complete the implementation of bill unbundling by August 30, 1997. WMECO urges the Department to support an orderly transition that allows each utility company and its customers to adapt to the new billing format and support a concept that provides each electric utility the flexibility to implement unbundled bills in a manner that minimizes customer confusion and complaints. Accordingly, WMECO is proposing a three month transition by rate class from June through August 1997 for introducing unbundled bills.

Finally, in its December 30, 1996 Order, the Department directed that all electric companies file with the Department classifications of their distribution facilities based on the Federal Energy Regulatory Commission's ("FERC") seven-part transmission/distribution test (Procedural Order - D.P.U. 96-100, pg. 2). WMECO's initial classification of its distribution facilities based on an application of the FERC's seven-part transmission/distribution test is contained in Section III of this filing.

The Company is available to address any questions or concerns that the Department may have concerning this filing.